

Service Date: June 8, 2005

DEPARTMENT OF PUBLIC SERVICE REGULATION
BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MONTANA

* * * * *

IN THE MATTER OF UTILITY)	UTILITY DIVISION
ENTERPRISES, INC. Establishment of Initial)	
Rates for Water Service for the Rocky Cliff)	DOCKET NO. D2004.8.129
Estates Subdivision in Kalispell, Montana)	ORDER NO. 6651
)	
)	

PRE-NOTICE INTERIM ORDER

Findings of Fact

1. Utility Enterprises, Inc., (UEI) entered into a purchase agreement to own and operate the water system that will service Rocky Cliff Estates, a new subdivision located 3 miles south of Kalispell Montana. On August 10, 2004, UEI filed an application with the Montana Public Service Commission (PSC) requesting approval to establish initial interim rates and charges for water service to Rocky Cliff Estates.
2. At the time of the filing there were no customers in that subdivision. UEI anticipates there will be a total of 41 residential customers and 9 commercial customers.
3. UEI is a new utility with no actual test year period upon which to base its interim rate request. The initial rates submitted with this application incorporate, as a condition of service, the administrative rules of the PSC applicable to water utilities. The requested rates are:
 - a. A connection fee of \$650.00
 - b. A reconnection fee of \$250.00
 - c. Monthly flat rate usage fee of \$22.17 per hook-up
 - d. A metered rate usage fee of \$3.58 per 1,000 gallons/mo
 - e. Delinquent accounts are assessed at 1.5% per month, on accounts over 30 days past due.
4. On October 7, 2004, a Notice of Application and Intervention Deadline was issued, and on November 8, 2004, the Montana Consumer Counsel (MCC) filed a Petition for Intervention.
5. On May 20, 2005, the PSC granted intervention to MCC.

6. Upon review, the PSC finds the initial rates and charges as filed in this application to be just and reasonable for interim purposes and are therefore approved. These interim rates will apply for a one-year period which will provide UEI with historical data from which to derive an actual test year based upon its own operations upon which the utility's rates may be modified.

Conclusions of Law

1. UEI is a new public utility furnishing water service to customers in the Rocky Cliff subdivision in Kalispell Montana. UEI is subject to the supervision, regulation and control of the PSC pursuant to Title 69, Chapter 3, Montana Code Annotated (MCA).

2. Section 69-3-304, MCA, provides that the PSC may temporarily approve initial rates pending a hearing or final decision.

3. The PSC concludes that the grant of an interim rate increase as set forth is just and reasonable and within the discretion granted by § 69-3-304, MCA.

Order

1. UEI is hereby granted authority to implement, on an interim basis, initial rates for its Rocky Cliff subdivision customers.

2. UEI must file tariffs in compliance with this Interim Order.

3. UEI will file a general rate case within one year of this order.

4. Nothing in this Order precludes the PSC from adopting in a subsequent Interim Order (post-notice Interim Order) or a Final Order a revenue requirement different from that in this Interim Order. If the final decision is to disapprove all or part of the requested initial rates, the PSC may order a rebate to consumers of the amount collected, retroactive to the effective date of this Interim Order and shall order interest to be paid on any such rebate.

5. Interim approval of any matter in this proceeding should not be viewed as final endorsement by the PSC of any issues, calculations, or methodologies approved in the Interim Order.

6. This Interim Order is effective for all services rendered on and after June 2, 2005.

DONE IN OPEN SESSION at Helena, Montana on this 2nd day of June 2005 by a vote of 5 to 0.

BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION

GREG JERGESON, Chairman

BRAD MOLNAR, Vice Chairman

DOUG MOOD, Commissioner

BOB RANEY, Commissioner

THOMAS J. SCHNEIDER, Commissioner

ATTEST:

Connie Jones
Commission Secretary

(SEAL)

NOTE: Any interested party may request the Commission to reconsider this decision. A motion to reconsider must be filed within ten (10) days. See 38.2.4806, ARM.